



Montana Department of
LABOR & INDUSTRY

Steve Bullock, Governor

Business Standards Division
Adam deYong, Acting Division Administrator

May 12, 2014

Senator Bruce Tutvedt, Chair
Economic Affairs Interim Committee
PO Box 201706
Helena, MT 59620-1706

Senator Tutvedt, and Committee Members,

On behalf of the State of Montana Board of Nursing, I would like to address the proposed change from an appropriation method of funding as a spending authority as currently established by state statute to a system of enterprise funding being considered by this committee.

My name is Greg Kohn from Billings and I am in my fourth year as a member of the State Board of Nursing Board of Directors where I serve as one of two public representatives appointed to represent the public interests and welfare of the citizens of Montana.

During my tenure on the Board of Nursing, our Board has been required by statute to charge fees commensurate with the cost of supporting Board operations. Any and all actions the Board takes, including the collection of fees, are thoroughly discussed to insure there are no adverse effects on the public and on small businesses as required by statute. Fees currently charged are determined to be appropriate and reasonable to the nursing professionals we serve.

We receive no general fund monies. Revenue is received from the collection of licensing fees, renewal fees and other associated fees. However, this revenue is not controlled by the Board. We are given an annual beginning appropriation as determined by the Department of Labor and Industry; however, there is a strong likelihood this appropriation will change depending on the needs of other Boards. Even if our Board was to maintain a cash reserve there is no guarantee that we will have the ability or even the permission to spend the reserve to implement or consider new initiatives or programs that would benefit the public with additional public safety measures, provide opportunities for additional staff training, increase the quality of our nurse educational programs, develop and implement better tools and programs designed to support our many Nursing schools across the state and ultimately improve nursing care across the state of Montana.

Spending authority limits what a board can spend each year regardless of how much it receives in fees. It has the effect of slowing down the implementation of any policy or program changes that the board or legislature approve because it typically takes one biennium to adjust the spending authority cap and adjust fees to cover the new policy/program.

Economic Affairs Interim Committee
May 12, 2014
EXHIBIT 12

A change from spending authority to enterprise funding would simply eliminate the spending cap established for each board by the legislature. Under an Enterprise fund structure, boards could set a budget at the beginning of each year that would be based solely upon the amount of revenue available to them, regardless of the activities of other boards.

Enterprise funding allows fee based government services to operate on available revenue from fees and reserves. By removing the Appropriation (spending authority) boards would have much greater flexibility to plan and budget for policy objectives with licensees. Additionally, enterprise funding only changes how boards use and account for licensing fees, it does not change any statutory duties assigned to the department or any licensing requirements. The department and boards are still held to the statutory requirements of fees commensurate with costs.

Finally, by allowing enterprise funding two very important concerns are addressed. 1. Under GAAP (Generally Accepted Accounting Principles) standards, states and local governments are required to use enterprise funding for boards to account for business-type activities and services primarily funded through fees charged for services utilized. Currently the state of Montana is not in compliance with this standard. 2. Shifting authority amongst boards and programs is potentially problematic to the Department of Labor and Industry as it puts the department in a position of being a policy maker for the boards by making decisions on who can have excess appropriation and when. The enterprise funding option A removes the Department from that position and maintains the role of policy making at the board level.

The State Board of Nursing, along with other state professional licensing boards, ask for your consideration and support of legislation authorizing enterprise funding as a solution to these two very important concerns by supporting Option A as proposed by the Business Standards Division of the Department of Labor and Industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'N. Gregory Kohn', written over a horizontal line.

N. Gregory Kohn, Public Board member

State of Montana Board of Nursing